

Conflicts summary

What is a conflict of interest?

A conflict of interest can occur when an investment services firm such as Canaccord carries out activities, either for a client or for ourselves, which may conflict, or appear to conflict, with the interests of another client, or group of clients, if those activities are not appropriately organised and controlled.

Our approach

Canaccord Genuity Wealth Management acts as agent for our clients, making investment decisions in financial markets on your behalf. Confidence in the integrity of our firm is central to the relationship of trust between Canaccord Genuity Wealth Management and our customers. This means that when making investment decisions, or buying products and services for customers, we must always act in customers' best interests and their interests ahead of our own.

As an integrated, multi-services group which has offices in various world-wide locations, Canaccord Genuity Group faces actual and potential conflicts of interest from time to time. The Canaccord Genuity Group has therefore, put in place appropriate procedures, systems and controls to identify, prevent, and manage conflicts of interest.

Canaccord Genuity Wealth Management maintains a Conflicts Management Policy that identifies, with reference to our services, the circumstances that may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients.

Employees are expected to recognise and escalate any conflicts of interest. Equally, employees must not put themselves in a position in which their personal interests, financial or otherwise, might influence or give the appearance of influencing any action taken, judgement made, or advice given on behalf of Canaccord.

Staff training is provided with regards to the identification and management of conflicts.

Management and identification of conflicts

Identifying conflicts

Canaccord Genuity Wealth Management is required to take all reasonable steps to identify conflicts of interest within the firm, between its clients, and between the interests of different clients.

The factors we take into account include whether a firm or individual:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of a client
- Has an interest in the outcome of a service provided to the client which is distinct from the clients interest in that outcome
- Has a financial or other incentive to favour the interest of another client
- Carries on the same business as a client
- Receives an inducement in the form of monies, goods or services, other than the standard commission or fee for that service.

We take into account the activities undertaken by us and those of our affiliated companies in the Canaccord Genuity Group of companies.

Potential areas of conflicts of interest

As a result of our organisational and administrative arrangements, we have no general conflicts of interest that are not appropriately prevented or managed, and that we would be obliged to disclose in accordance with the rules of our Regulator, The Financial Conduct Authority. However, for your information we set out below the details of certain specific areas of conflict and controls.

Group structure

A potential conflict would exist if a third party product provider or supplier had a material shareholding or financial interest in Canaccord Genuity Group Inc. (or vice versa), of a size significant enough to be able to influence the operating decisions of the firm to the detriment of client interests. As the date of these Terms, the Group has no close links

to product providers, or insurers, other than the Canaccord Genuity Select Fund range. However, as Canaccord Genuity Group Inc. is a publicly listed entity, such a material stake would be possible. If circumstances were to change and such close links arose, we would review the situation to identify and appropriately manage any potential conflict.

Group activities

The Canaccord Group maintains two operating divisions; wealth management and investment banking. Conflicts of interest could arise from the activities of our investment banking division, which covers corporate finance, broking and institutional securities. These may include:

Corporate finance and broking activities

Being the financial adviser or broker to the company (i.e. (i) acting as corporate broker to a client whose securities third party clients are buying or selling via the Institutional Securities desks and/or (ii) acting for that company in any takeover bid by or for it and having a holding or a dealing position in the security);

Sponsoring or underwriting a new issue or rights issue or similar transaction that is being recommended to a Canaccord Genuity Wealth Management client;

Providing investment advice or discretionary portfolio management services to clients and recommending or selling products issued by the firm or its associates.

Institutional Securities activities

Engaging in business and trading activities for the firm's own account and/or client accounts, whilst other clients are active in relevant markets or otherwise interested at the same time;

Providing investment research in relation to an entity or group to which it is also financial adviser or broker; and/or

Matching one client's transaction with that of another client by acting on behalf of both clients. This includes acting as a market maker in the investments that are the subject of a transaction with clients.

Our primary controls in respect of our investment banking division include:

- In the UK, our investment banking activities are undertaken by a separately regulated company, Canaccord Genuity Ltd, which is based in a different location
- Canaccord Genuity Wealth Management treats offerings from the investment banking division as any other third party-led transaction
- Dedicated policy and procedures which are contained within their division specific procedural documents
- Information barriers (known as Chinese Walls), between the divisions to restrict the contact between different business areas and restrict information flows
- Lists of “inside information” are kept and closely monitored
- An IT system is used to identify and manage conflicts (including potential conflicts) in relation to client work
- Conflicts checking procedures are performed for Canaccord Genuity Investment Banking transactions.

Holistic Wealth Management

Canaccord Genuity Wealth Management provides full-service wealth management services, including discretionary, advisory and execution-only services and financial planning advice through our two UK FCA regulated entities Canaccord Genuity Wealth Ltd and Canaccord Genuity Financial Planning Ltd. We (or a person connected to us) may be the operator of a collective investment scheme in which you are advised to invest; or we may be the discretionary investment manager of a model, fund or bespoke portfolio we recommend.

We are aware of the potential for conflict between providing investment management services and offering in-house funds and services. The primary mitigating factor of which is the absence of any direct remuneration arrangements for staff to recommend in-house products. We also maintain policies which ensure the suitability of any such recommendation.

Remuneration policies

Our remuneration policy sets out how we seek to comply with our regulatory obligations regarding employee remuneration.

Our remuneration committee has oversight and responsibility for the firm’s remuneration practises. It is our policy to assess incentives-based conduct risks and factor these into internal control and monitoring routines.

Personal Account Dealing

Canaccord Genuity Wealth Management recognises that its employees may wish to trade in investments for their own benefit. The interests of an employee could conflict with those of our clients, particularly where clients hold or trade in the same investments. We require employees to put the interests of their clients before their own. We have policies, procedures and monitoring arrangements in place to restrict and review employee personal dealings.

External Business Interests

Employees may not accept any employment or business opportunity without prior approval in accordance with Canaccord Genuity Wealth Management’s policies. Our approval processes build in an assessment of the potential for conflicts of interest.

Inducements, Gifts and Entertainment

The receipt or offer of benefits (whether monetary or another form); hospitality and gifts are capable of giving rise to a conflict of interest where it encourages the recipient to alter their behaviour, such as giving preferential treatment to the provider. We have detailed requirements in place to restrict the occurrence of inducements and place limits on the levels of gifts and entertainment our employees may receive.

As a client, you should be aware that these restrictions extend to the gifts you may wish to give to your account executive. This may mean from time to time, your adviser whilst appreciative of the thought, will not be able to accept such gifts.

Order Handling

When we recommend a transaction to you, or enter into a transaction for you, conflicts may exist where:

- We carry out your order by matching it with that of another client
- We carry out comparable orders simultaneously by different clients
- We allocate investments, where you are a discretionary managed client or your order are aggregated with those of other clients, but full allocations are not possible.

Canaccord Genuity Wealth Management has client order handling policies, procedures and monitoring in place designed to ensure the fair treatment of clients.

Research

Canaccord Genuity Wealth Management may produce investment recommendations which constitute research as defined under FCA rules. We do not publish “investment research” content which falls within the scope of research produced by us, will be labelled as non-independent research and should be treated as a marketing communication. This means in practice, it is not subject to certain requirements with which investment research must comply. The views of our analysts and other employees who are involved in our investment selection process may be acted upon by Canaccord Genuity Wealth Management before research recommendations are produced and disseminated to clients.

Persons producing research notes may have positions in the securities referred to in our research. The authors are required to disregard their own personal interests and will be subject to restrictions on trading in the companies on which they are writing.

Canaccord Genuity’s investment banking division may have an interest in the securities of the companies on which we are writing. The segregation of our investment banking division from our wealth management activities are such that we do not consider these to give rise to a risk of client detriment, however, where relevant, we will disclose a material interest.

Non-investment business related activities

From time to time our Financial Planning business may introduce you or recommend non-investment products or services to a client. Where permitted under regulation, we may receive a commission from the product provider. The existence of these commissions will be disclosed to you in writing. Our primary mitigant is the approval of third party providers through our new business processes.

What happens if a conflict of interest is identified?

As outlined above, Canaccord Genuity Wealth Management’s first priority is to identify potential conflicts of interest inherent in the group’s business model and wherever possible, prevent them, or put in place, reasonable steps to mitigate them.

In the event that a conflict of interest cannot be prevented, it will be managed.

Disclosure of conflicts

We are required to disclose those conflicts which can neither be prevented, nor managed to ensure with reasonable confidence that risks of damage to the interests of the client will be prevented.

The scope of the disclosure requirement is limited to cases where there is a possible disadvantage to a client. For example, cases where a firm may gain a benefit if there is not also a possible disadvantage to a client, or that one client to whom the firm owes a duty may make a gain or avoid a loss without there being a concomitant possible loss to another such client are out of scope.

Declining to act

Where we consider we are not able to manage the conflict in any other way we may decline to act for you.

Further information

If you would like further information about our conflicts management policies and procedures, please contact the Canaccord Genuity Wealth Management Compliance Department.